

**Introduced by Senator Simitian**

February 22, 2005

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An act to amend Sections 47632 and 47635 of the Education Code, relating to education finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 1078, as introduced, Simitian. Education finance.

Existing law defines "sponsoring local educational agency" for purposes of provisions governing charter schools.

This bill would include within that definition, only for the purpose of transferring amounts in lieu of property taxes and for pupils who reside in and are otherwise eligible to attend school in a basic aid school district, but who attend a charter school authorized by a nonbasic aid district or county office of education, the basic aid district, as defined.

Existing law requires a local educational agency that sponsors a charter school annually to transfer to each of its charter schools a prescribed amount of funding in lieu of funding available through property taxes and exempts from this requirement funding for pupils who reside in, and are otherwise eligible to attend a school in, a basic aid school district, but who attend a charter school in a nonbasic aid school district. Existing law requires the sponsoring basic aid school district to transfer to the charter school an amount of funds equivalent to the revenue limit earned through average daily attendance by the charter school for each pupil's attendance, not to exceed the average property tax share per unit of average daily attendance for pupils residing in and attending the basic aid school district.

This bill would, commencing with the 2005-06 fiscal year, revise the manner in which the amount to be transferred by the sponsoring

basic aid district to the charter school is determined according to specific formulas. The bill would declare that the intent of this revision is to increase the amount of local property tax revenue retained by basic aid districts, and that any costs associated with the revision shall be offset by the increase.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 47632 of the Education Code is  
2 amended to read:

3 47632. For purposes of this chapter, the following terms shall  
4 be defined as follows:

5 (a) “General-purpose entitlement” means an amount computed  
6 by the formula set forth in Section 47633 beginning in the  
7 1999–2000 fiscal year, which is based on the statewide average  
8 amounts of general-purpose funding from those state and local  
9 sources identified in Section 47633 received by school districts  
10 of similar type and serving similar pupil populations.

11 (b) “Categorical block grant” means an amount computed by  
12 the formula set forth in Section 47634 beginning in the  
13 1999–2000 fiscal year, which is based on the statewide average  
14 amounts of categorical aid from those sources identified in  
15 Section 47634 received by school districts of similar type and  
16 serving similar pupil populations.

17 (c) “General-purpose funding” means those funds that consist  
18 of state aid, local property taxes, and other revenues applied  
19 toward a school district’s revenue limit, pursuant to Section  
20 42238.

21 (d) “Categorical aid” means aid that consists of state or  
22 federally funded programs, or both, which are apportioned for  
23 specific purposes set forth in statute or regulation.

24 (e) “Educationally disadvantaged pupils” means those pupils  
25 who are eligible for subsidized meals pursuant to Section 49552  
26 or are identified as English learners pursuant to subdivision (a) of  
27 Section 306, or both.

1 (f) “Operational funding” means all funding except funding  
2 for capital outlay.

3 (g) “School district of a similar type” means a school district  
4 that is serving similar grade levels.

5 (h) “Similar pupil population” means similar numbers of  
6 pupils by grade level, with a similar proportion of educationally  
7 disadvantaged pupils.

8 (i) “Sponsoring local educational agency” means the  
9 following:

10 (1) In the cases where a charter school is granted by a school  
11 district, the sponsoring local educational agency is the school  
12 district, *except as provided in paragraph (6)*.

13 (2) In cases where a charter is granted by a county office of  
14 education after having been previously denied by a school  
15 district, the sponsoring local educational agency means the  
16 school district that initially denied the charter petition, *except as*  
17 *provided in paragraph (6)*.

18 (3) In cases where a charter is granted by the State Board of  
19 Education after having been previously denied by a local  
20 educational agency, the sponsoring local educational agency  
21 means the local educational agency designated by the State  
22 Board of Education pursuant to paragraph (1) of subdivision (k)  
23 of Section 47605 or if a local educational agency is not  
24 designated, the local educational agency that initially denied the  
25 charter petition, *except as provided in paragraph (6)*.

26 (4) For pupils attending county-sponsored charter schools who  
27 are eligible to attend those schools solely as a result of parental  
28 request pursuant to subdivision (b) of Section 1981, the  
29 sponsoring local educational agency means the pupils’ school  
30 district of residence, *except as provided in paragraph (6)*.

31 (5) For pupils attending countywide charter schools pursuant  
32 to Section 47605.6 who reside in a basic aid school district, the  
33 sponsoring local educational agency means the school district of  
34 residence of the pupil, *except as provided in paragraph (6)*.

35 (6) *For the sole purpose of transferring amounts in lieu of*  
36 *property taxes as provided in Section 47635, for pupils who*  
37 *reside in and are otherwise eligible to attend school in a basic*  
38 *aid school district, but who attend a charter school authorized by*  
39 *a nonbasic aid school district or county office of education, the*

1 *sponsoring local educational agency is the basic aid school*  
2 *district.*

3 (j) For purposes of this ~~paragraph~~ *section*, “basic aid school  
4 district” means a school district that does not receive an  
5 apportionment of state funds pursuant to subdivision (h) of  
6 Section 42238.

7 SEC. 2. Section 47635 of the Education Code is amended to  
8 read:

9 47635. (a) A sponsoring local educational agency, *other than*  
10 *those defined in paragraph (6) of subdivision (i) of Section*  
11 *47632*, shall annually transfer to each of its charter schools  
12 funding in lieu of property taxes equal to the lesser of the  
13 following two amounts:

14 (1) The average amount of property taxes per unit of average  
15 daily attendance, including average daily attendance attributable  
16 to charter schools, received by the local educational agency,  
17 multiplied by the charter school’s average daily attendance.

18 (2) The statewide average general-purpose funding per unit of  
19 average daily attendance received by school districts, as  
20 determined by the State Department of Education, multiplied by  
21 the charter school’s average daily attendance in each of the four  
22 corresponding grade level ranges: kindergarten and grades 1, 2,  
23 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,  
24 inclusive.

25 (b) *For the 2005-06 fiscal year, a sponsoring local*  
26 *educational agency, as defined in paragraph (5) of subdivision*  
27 *(i) of Section 47632, shall annually transfer to each of its charter*  
28 *schools funding in lieu of property taxes equal to the lesser of the*  
29 *following two amounts:*

30 (1) *The average amount of property taxes per unit of average*  
31 *daily attendance, including average daily attendance attributable*  
32 *to charter schools, received by the local educational agency,*  
33 *multiplied by the charter school's average daily attendance,*  
34 *multiplied by 30 percent.*

35 (2) *The statewide average general-purpose funding per unit of*  
36 *average daily attendance received by school districts, as*  
37 *determined by the State Department of Education, multiplied by*  
38 *the charter school's average daily attendance in each of the four*  
39 *corresponding grade level ranges: kindergarten and grades 1, 2,*

1 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,  
2 inclusive.

3 (c) For the 2006-07 fiscal year, a sponsoring local  
4 educational agency, as defined in paragraph (5) of subdivision  
5 (i) of Section 47632, shall annually transfer to each of its charter  
6 schools funding in lieu of property taxes equal to the lesser of the  
7 following two amounts:

8 (1) The average amount of property taxes per unit of average  
9 daily attendance, including average daily attendance attributable  
10 to charter schools, received by the local educational agency,  
11 multiplied by the charter school's average daily attendance,  
12 multiplied by 50 percent.

13 (2) The statewide average general-purpose funding per unit of  
14 average daily attendance received by school districts, as  
15 determined by the State Department of Education, multiplied by  
16 the charter school's average daily attendance in each of the four  
17 corresponding grade level ranges: kindergarten and grades 1, 2,  
18 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,  
19 inclusive.

20 (d) Commencing with the 2007-08 fiscal year and each fiscal  
21 year thereafter, a sponsoring local educational agency, as  
22 defined in paragraph (5) of subdivision (i) of Section 47632,  
23 shall annually transfer to each of its charter schools funding in  
24 lieu of property taxes equal to the lesser of the following two  
25 amounts:

26 (1) The average amount of property taxes per unit of average  
27 daily attendance, including average daily attendance attributable  
28 to charter schools, received by the local educational agency,  
29 multiplied by the charter school's average daily attendance,  
30 multiplied by 70 percent.

31 (2) The statewide average general purpose funding per unit of  
32 average daily attendance received by school districts, as  
33 determined by the State Department of Education, multiplied by  
34 the charter school's average daily attendance in each of the four  
35 corresponding grade level ranges: kindergarten and grades 1, 2,  
36 and 3; grades 4, 5, and 6; grades 7 and 8; and grades 9 to 12,  
37 inclusive.

38 (e) The sponsoring local educational agency shall transfer  
39 funding in lieu of property taxes to the charter school in monthly  
40 installments, by no later than the 15th of each month.

(1) For the months of August to February, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes received by the sponsoring local educational agency during the preceding fiscal year, as reported to the Superintendent of ~~Public Instruction~~ for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to the charter school the charter school's estimated annual entitlement to funding in lieu of property taxes as follows:

(A) Six percent in August.

(B) Twelve percent in September.

(C) Eight percent each month in October, November, December, January, and February.

(2) For the months of March to June, inclusive, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the fiscal year, as reported to the Superintendent of ~~Public Instruction~~ for purposes of the first principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to one-sixth of the difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraph (1). An additional one-sixth of this difference shall be included in the amount transferred in the month of March.

(3) For the month of July, a charter school's funding in lieu of property taxes shall be computed based on the amount of property taxes estimated to be received by the sponsoring local educational agency during the prior fiscal year, as reported to the Superintendent of ~~Public Instruction~~ for purposes of the second principal apportionment. A sponsoring local educational agency shall transfer to each of its charter schools an amount equal to the remaining difference between the school's estimated annual entitlement to funding in lieu of property taxes and the amounts provided pursuant to paragraphs (1) and (2).

(4) Final adjustments to the amount of funding in lieu of property taxes allocated to a charter school shall be made in February, in conjunction with the final reconciliation of annual apportionments to schools.

~~(5) Subdivision (a) and paragraphs (1) to (4), inclusive, of subdivision (b) do not apply for pupils who reside in, and are otherwise eligible to attend a school in, a basic aid school district, but who attend a charter school in a nonbasic aid school district. With regard to these pupils, the sponsoring basic aid district shall transfer to the charter school an amount of funds equivalent to the revenue limit earned through average daily attendance by the charter school for each pupil's attendance, not to exceed the average property tax share per unit of average daily attendance for pupils residing and attending in the basic aid district. The transfer of funds shall be made in not fewer than two installments at the request of the charter school, the first occurring not later than February 1 and the second not later than June 1 of each school year. Payments shall reflect the average daily attendance certified for the time periods of the first and second principal apportionments, respectively. The Superintendent of Public Instruction may not apportion any funds for the attendance of pupils described in this subdivision unless the amount transferred by the basic aid district is less than the revenue limit earned by the charter school, in which event the Superintendent of Public Instruction shall apportion the difference to the charter school from state funds.~~

*(f) The Legislature finds and declares that the net effect of subdivisions (b), (c), and (d), is to increase the amount of local property tax revenue retained by basic aid districts. Thus, any costs associated with subdivisions (b), (c), and (d), including any reporting requirements necessary to implement this section, shall be offset by that amount of increased local property tax revenue.*

SEC. 3. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

In order to effect General Fund savings through the formula for funding pupils who reside in basic aid school districts, but attend charter schools authorized by a nonbasic aid school district, at the earliest possible time, it is necessary that this act take effect immediately.